



The Office of Secretary of State

Brian P. Kemp
SECRETARY OF STATE

Vincent R. Russo
General Counsel

NOTICE (SEC-2011-03)

RE: Repeal of Chapter 590-4-3 entitled “Registered Securities” Consisting of Rules 590-4-3-.01 to 590-4-3-.15

TO ALL INTERESTED PERSONS AND PARTIES:

Pursuant to the Official Code of Georgia Annotated, O.C.G.A. §§ 10-5-70 and 50-13-4, notice is hereby given that the Commissioner of Securities of the Office of the Georgia Secretary of State, (hereinafter “Commissioner”) proposes to repeal chapter 590-4-3 *Registered Securities*, consisting of Rules 590-4-3-.01, 590-4-3-.02, 590-4-3-.03, 590-4-3-.04, 590-4-3-.05, 590-4-3-.06, 590-4-3-.07, 590-4-3-.08, 590-4-3-.09, 590-4-3-.10, 590-4-3-.11, 590-4-3-.12, 590-4-3-.13, 590-4-3-.14, and 590-4-3-.15.

Attached with this notice is an exact copy of each proposed rule to be repealed. The rules are being repealed under the authority of O.C.G.A. §§ 10-5-70 and 10-5-74. The Commissioner finds that the repeal of said rules is necessary and in the public interest because the rules were promulgated under the Georgia Securities Act of 1973, which the General Assembly repealed in its entirety and replaced pursuant to Act 528 during the 2008 legislative session.

The Assistant Commissioner, in accordance with O.C.G.A. § 10-5-70(f), shall consider the repeal of the proposed rules at 10:30 a.m., on November 17, 2011, in Room 810, Suite 802 West Tower at 2 Martin Luther King, Jr. Drive, S.E., Atlanta, Georgia 30334.

Copies of this notice and exact copy of each proposed rule for repeal are available for review on the Securities Divisions’ web page at <http://www.sos.ga.gov/securities>. Interested persons may submit data, views or arguments in writing to the Commissioner. The Commissioner must receive all comments regarding the proposed repeal of the above-referenced Rules from interested persons no later than 5:00 p.m. on November 15, 2011. Written comments must be sent to: Commissioner of Securities, Securities Division, 2 Martin Luther King, Jr. Drive, S.E., 802 West Tower, Atlanta, Georgia 30334. Written comments may be sent via facsimile to (404) 656-0513, or submitted electronically to SECRules@sos.ga.gov. Please reference “SEC-2011-03” on all comments.

For further information, please contact Tom Zagorsky at (404) 463-0344.

This 13th day of October, 2011.



Vincent R. Russo
Interim Assistant Commissioner of Securities

590-4-3-.01 Escrow.

In any case where securities are to be registered for sale pursuant to Code Section 10-5-5 in Georgia, and the issuer of such securities has not had any substantial gross revenues from the sale of products or services, or any substantial net income from any source, for any fiscal year ended during the past three years and has not succeeded, and does not intend to succeed, to any business that has had any substantial gross revenues from the sale of products or services, or any substantial net income from any source, for any fiscal year ended during the past three years, the following shall be required as conditions to registration:

(a) Except in an offering pursuant to an underwriting agreement under which no securities will be sold unless all securities to be offered are sold, pursuant to a written escrow agreement, the deposit in escrow of 100% of the proceeds from the sale of such registered securities until the amount deposited in such escrow equals or exceeds the amount specified in Code Section 10-5-5, as amended, plus the expenses of the offering.

1. This escrow account shall be with a bank, trust company or other escrow agent approved by the Commissioner.

2. Until the escrow account contains the specified amount, the issuer shall cause 100% of the proceeds from the sale of such registered securities to be deposited directly into this account as soon as practicable after receipt. The escrow agreement may provide for disbursement to the issuer of up to 15% of the amount deposited until the specified amount is paid in.

3. The escrow agreement shall provide that if the escrow account does not contain the specified amount on the specified date no later than one year after the effective date of the registration, all amounts contained in the escrow account, including all interest earned thereon, if any, shall be returned to the securities purchasers whose payments were deposited into the escrow account. The amount of repayment to each purchaser shall be determined by multiplying the fraction, whose numerator is the amount of each such purchaser's payments that have been deposited into the escrow account and whose denominator is the aggregate amount of all deposits of purchaser payments into the escrow account, by the aggregate amount contained in the escrow account immediately prior to the repayment.

4. If the offering proceeds are to be used for a specific purpose, including, but not limited to, the purchase of real or personal property, the escrow agreement shall provide that, upon termination of the escrow account, the escrow funds shall be paid over to the attorney who is to handle the purchase closing.

5. The escrow agreement shall provide that the funds held in escrow, when released, will be used for the specific purposes stated in the prospectus, or offering circular, filed as part of the registration statement required by the Act.

6. The escrow agreement shall provide that, upon termination of the escrow account and payout of the escrow funds, the escrow agent shall notify the Commissioner of the time of disbursement and to whom the funds were disbursed.

(b) The deposit in an escrow account beginning on or before the date of the registration's effectiveness and continuing for a period of one (1) year from the termination of the registration's effectiveness and any renewal thereof:

1. any securities of the same class issued or transferred to a person who is an executive officer, director, general partner or affiliate of the issuer or to any other person authorized to sell such securities for the issuer, still beneficially owned by such person, except a dealer or limited dealer registered with the Commissioner and selling pursuant to an underwriting agreement that is disclosed in the prospectus delivered to each purchaser; or

~~2. any securities of the same class as the securities registered that are to be issued to any person specified in subparagraph (b)(i) above, at a price below the proposed offering price of such securities or for a consideration other than cash.~~

~~(c) No interest in any security held in an escrow account provided for in paragraph (b) above shall be offered for sale, sold, assigned or transferred during the existence of such escrow account without the written consent of the Commissioner. The Commissioner may grant such consent, when there has been a significant change of circumstances or to avoid an undue hardship, but only if such consent is not deemed by him or her to be detrimental to investors.~~

~~(d) An issuer shall not be subject to the provisions of paragraphs (a) or (b) of this Rule if the issuer, or the business to which it has succeeded or intends to succeed, has been in continuous existence for three (3) consecutive fiscal years and has had substantial gross revenues from the sale of products or services, or any substantial net income from any source, for any one (1) fiscal year within the said three (3) consecutive fiscal years.~~

~~(e) If the issuer intends to use the proceeds of an offering for a specific purpose or acquisition as stated in the prospectus or offering circular, and the issuer does not fall within the provisions of paragraphs (a) or (b) of this Rule, the Commissioner may require the issuer to hold the proceeds of the offering in escrow until the funds reach the amount necessary to accomplish said purpose or acquisition. Said requirement by the Commissioner shall be based upon the provisions of section 10-5-12 of the Act for the protection of investors.~~

~~(f) A final copy of any escrow agreement required by this Rule, signed by both the escrow agent and the issuer, shall be included as an exhibit to the registration statement filed with the Commissioner.~~

~~(g) The requirements of this Rule may be superseded or modified in writing by the Commissioner if he or she determines that such requirements are not necessary to protect investors with respect to a particular issue of securities.~~

~~Authority O.C.G.A. Secs. 10-5-6, 10-5-10, 10-5-12.~~

590-4-3-.02 Communications Not Deemed to Be A Prospectus.

Except as otherwise provided in the Act and these Rules, the following written communications by an issuer or underwriter of securities or of an affiliate of such issuer or underwriter, whether written or by radio, television, or other electronic transmission, shall not be deemed to be a prospectus under the Act:

(a) The communications described in Code Section 10-5-2(a)(23) of the Act. The communications described in Code Section 10-5-2(a)(23) may also include a general description of the business of the issuer, which has been filed with the Commissioner pursuant to Code Section 10-5-5.

(b) An advertisement for products or services of the issuer or an affiliate of the issuer if:

1. no reference is made in the advertisement, directly or indirectly, to any securities of the issuer;
2. the advertisement is concerned with specific goods or services being offered by the issuer or an affiliate of the issuer and does not concern the profits, earnings, or financial or business prospects of the issuer or any affiliate of the issuer; or
3. the advertisement is part of an advertising program that is unrelated to any decision by the issuer to issue securities and is not materially changed in scope from the unrelated advertising program in connection with the issue of securities.

(c) Any communication required by law regarding the preemptive rights of security holders of the issuer to acquire additional securities of the issuer if such communication is accompanied by or preceded by:

1. a prospectus that is part of a registration statement effective under Code Section 10-5-5; or
2. a self-addressed postage paid card by which the person receiving the communication can request receipt of a copy of the prospectus if there will be a reasonable time at which such preemptive rights must be exercised for a person to request and receive such a prospectus and such a prospectus is provided upon request.

(d) Customary quarterly, annual, and other periodic reports to security holders, proxy statements, dividend notices, and similar documents that are routinely sent to security owners.

Authority O.C.G.A. Secs. 10-5-2, 10-5-5, 10-5-10.

590-4-3-.03 Subsequent Developments Material to an Effective Registration Statement.

(1) An issuer or affiliate of an issuer of securities subject to an effective registration statement pursuant to Code Section 10-5-5 may make a public release of material information, favorable or unfavorable, that develops during an issue of securities if such release:

(a) does not contain any untrue statement of any material fact and does not omit to state any material fact that is not stated in any previous public release or in the prospectus with respect to which the issuer's securities are to be sold and that is necessary to be stated in order to make the release, in light of the circumstances in which it is made, not misleading;

(b) is purely factual and does not contain any predictions or opinions;

(c) does not refer directly or indirectly to securities of the issuer; and

(d) is not utilized by dealers, limited dealers, salespersons, or limited salespersons of the securities in connection with their sales efforts except to the extent it is incorporated in a registration statement and prospectus as provided in paragraph (2) below.

(2) Any prospectus forming a part of the registration statement that has become effective under the Act may be supplemented without amending such registration statement by adding statements of fact that developed, or became known, after the effective date of such registration statement and by deleting statements of fact that, as a result of such developments, may be misleading. These additions and deletions may be incorporated into such prospectus by addendum, by excision, or by production of a new edition of such prospectus. Prior to using any prospectus that reflects such deletions and additions, three (3) copies of such prospectus, at least one (1) of which shall be marked to reflect such changes, shall be filed with the Commissioner for at least five (5) full business days or a shorter time if the Commissioner shall permit.

(3) No person shall offer to sell or sell any security if such person knows, or in the exercise of reasonable care could know, that an effective registration statement with respect thereto has become materially misleading because the registration has not been amended to reflect facts that have occurred, or have become known, since the filing of such registration statement.

(4) Every issuer and every person who directly or indirectly controls an issuer of securities registered under the Act, every general partner, executive officer, director, and person occupying a similar status, or performing similar functions, with such an issuer, and every dealer, limited dealer, salesperson, limited salesperson, and agent who participates in any material way in the sale of the securities of such an issuer shall promptly report to the Commissioner any fact that comes to his, her, or its knowledge that such person knows or reasonably could know would cause an effective registration statement to be materially misleading.

Authority O.C.G.A. Secs. 10-5-5, 10-5-10, 10-5-14.

590-4-3-.04 Issuer's Quarterly and Annual Reports.

(1) In addition to the financial statements required to be filed pursuant to Code Section 10-5-6(j), every person who has registered securities for sale in this state pursuant to Code Section 10-5-5(b) and 10-5-5(d) shall, for a period of twelve (12) months following the effective date of such registration statement, or any renewals thereof, file with the Commissioner:

(a) within 60 days of the close of each fiscal quarter of the issuer of the securities registered, except the last fiscal quarter of each fiscal year, the following financial statements prepared in accordance with generally accepted accounting principles:

1. consolidated statements of financial position (i.e., balance sheet), income, and cash flows of the issuer and its subsidiaries for each fiscal quarter;
2. a consolidated statement of shareholders' equity for the issuer and its subsidiaries for each such fiscal quarter. Such statement may contain the items specified in Form 10-Q promulgated by the SEC under the Securities Exchange Act of 1934.

(b) within 90 days of the close of such issuer's fiscal year the following financial statements prepared in accordance with generally accepted accounting principles:

1. consolidated statements of financial position (i.e., balance sheet), income, and cash flows for the issuer and its subsidiaries for such fiscal year; and
2. a consolidated statement of shareholders' equity of the issuer and its subsidiaries for each such fiscal year. Such statement may contain the items specified in Form 10-K, promulgated by the SEC under the Securities Exchange Act of 1934.

(c) if a substantial part of the proceeds of the offering is to be applied to the purchase of any business, the same financial statements that would be required in subparagraphs (a) and (b) above if that business were the issuer; provided, however, if the issuer does not compile its financial statements in the normal course of its business on a consolidated basis, then it may furnish, in lieu of the consolidated financial statements required in subparagraphs (a) and (b) above and this subparagraph (c), individual financial statements for it and its majority-owned subsidiaries.

(2) The financial statements required by this Rule to be filed with the Commission may be filed electronically provided the Commissioner has established policies and procedures for electronic filing.

(3) A copy of each financial statement filed with the Commissioner pursuant to this Rule shall be delivered with any prospectus required to be delivered pursuant to Code Section 10-5-5.

Authority O.C.G.A. Secs. 10-5-6, 10-5-10.

590-4-3-.05 Records to be Made and Maintained by Issuers of Registered Securities.

(1) For a period of twelve (12) months after the effective date of a registration statement filed in accordance with Code Section 10-5-5, or of any renewal thereof, every issuer of securities subject to such registration statement shall make and maintain the following records with respect to all such securities:

(a) a record of the securities issued and transferred containing the following information:

1. the number of any certificate representing securities issued or transferred if certificates representing such securities are issued;
2. the name of the registered holder of the security;
3. the number of shares or units owned by the registered holder;
4. the date of issuance;
5. the origination of the security issued (whether an original issue or whether transferred from another holder);
6. for any transfer of shares or units, the date of the transfer, the number of shares or units transferred, the holder from whom such shares or units were transferred, the holder or holders to whom such units or shares were transferred, the number of such units or shares transferred to each such holder or holders, and, in the event the units or shares are represented by certificates, the numbers identifying the certificates representing the units or shares transferred in the hands of the transferring holder and in the hands of the receiving holder; and
7. in the case of securities represented by a certificate, the cancellation date of the certificate and the cancelled and voided certificate.

(b) an alphabetical file or other alphabetical record of all past and present security owners containing:

1. the name and address of the owner;
2. a record of every purchase, sale, and transfer of the securities of the issuer by such person; and
3. all correspondence and memoranda, including all electronic correspondence and memoranda, to, from, or concerning such persons and the securities of the issuer.

(c) a bound securities sales log listing in numerical and chronological order:

1. the date each entry is made in the log book;
2. the date of each sale of securities by the issuer;
3. the purchaser's name and address;
4. the type and amount of securities sold;
5. the unit price of the securities sold;
6. the total dollar amount of the sale;
7. the amount and type of consideration received by the issuer at the time of the sale; and
8. the name of the salesperson or limited salesperson and the amount and nature of the remuneration he or she received in connection with the sale.

(d) a file or other record for each person (other than a dealer or limited dealer registered under the Act) employed, appointed, or authorized by the issuer to sell securities of the issuer, and for each person who receives any commission, override, salary, draw, expenses or other compensation or remuneration for efforts in selling securities of the issuer containing:

1. a written contract between the issuer and the person setting forth the person's duties, authority, and responsibility with respect to the issuer's securities and all compensation that the person will receive from the issuer;
2. if the person has applied to the Commissioner for a registration to sell securities of the issuer, a copy of such application and any other application filed with the Commissioner and any

~~registration to sell securities of the issuer and any notice, order, or correspondence received by the issuer with respect to such application or registration; and~~

~~3. a record of all commissions, overrides, salary, draws, expenses or other compensation or remuneration paid to such person by the issuer and, if such payment is related to a specific sale of securities or expense incurred, a description of the sale or expense.~~

~~(2) An issuer shall preserve the records required to be made and maintained by this Rule for at least five (5) years after the last entry is made therein, for the first (2) two years in an easily accessible place. After the first two (2) years, such records may be maintained in any form admissible into evidence pursuant to Official Code of Georgia Annotated section 24-5-26. Such records may be thus maintained if, at any time, equipment for viewing and reproducing such records is immediately accessible and any cost of such viewing and reproduction will be borne by the issuer.~~

~~Authority O.C.G.A. Secs. 10-5-5, 10-5-10, 10-5-14.~~

~~590-4-3-.06 Determination of Filing Date; Time Limits; Abandonment of Registration Statements.~~

~~(1) Determination of Filing Date. A registration statement required by Code Section 10-5-5 is considered filed when the Commissioner receives the application and required filing fees.~~

~~(2) Time Limits. The Commissioner may accept a request for extension of time from the registrant or its attorney and may extend the time for the registration statement to become effective on or before the fifth (5th) business day after the filing of the registration statement under Code Sections 10-5-5(d)(3) and 10-5-5(f)(6) or on or before the tenth (10th) business day after filing under section 10-5-5(e)(5).~~

~~(3) Deficient Applications. Any registration application filed pursuant to Code Section 10-5-5 is deficient if any of the following conditions exist:~~

~~(a) the application is not in proper form;~~

~~(b) the application does not comply with Code Section 10-5-5 or any other provision of the Act;~~
~~or~~

~~(c) the application does not comply with any other state or federal law, statute, rule or regulation.~~

~~(4) Abandoned Applications. When a registration is found to be deficient, the Commissioner may send a deficiency letter to the applicant stating the grounds of noncompliance. The application shall be deemed to be abandoned by the applicant without further action by the Commissioner if the Commissioner receives no communication from the applicant for a period of sixty (60) days.~~

~~Authority O.C.G.A. Sec. 10-5-10.~~

590-4-3-.07 Non-Profit Issuer Registration: Proceeds Escrow; Original Transfer Agent; Definitions of "Sale" and "Executive Officer"; Registration Procedures.

(1) A registration statement filed under Code Section 10-5-5(f) shall not be considered complete unless the application contains the following:

(a) An agreement on the part of the issuer to escrow with a trustee who meets the requirements of Code Section 10-5-5(f)(3)(B) all of the proceeds from the sale of the securities, to be disbursed by said trustee solely for the purposes, and in the order of priority, described in the prospectus. The agreement shall also provide that no proceeds may be disbursed for any purpose other than fees, commissions, and expenses, related to the issuance of the securities, until an amount of securities has been sold and the proceeds deposited with the trustee sufficient to accomplish the primary purpose of the issue, the amount to be determined by the Commissioner in his or her reasonable discretion prior to the effective date of the registration.

(b) An agreement on the part of the issuer with a trustee who meets the requirements of Code Section 10-5-5(f)(3)(B), requiring the issuer to deliver the original securities to such trustee, as original transfer agent, and requiring the trustee to receive on behalf of the issuer the proceeds from the sales of the securities and to authenticate and deliver the securities to the purchasers thereof or their agents or representatives. The agreement shall also provide that: the trustee shall be authorized to deliver for collection a fully authenticated bond to a dealer or limited dealer registered under the Act prior to receipt of the consideration therefore; the trustee shall authenticate each security by entering thereon (either actual or facsimile) upon receipt of the consideration for each security; and the trustee shall be entitled to rely in good faith on information from the issuer with respect to the fair market value of proceeds other than cash (e.g., exchanged securities, real property, personal property, services, etc.) received for the securities.

(c) A written statement from the issuer's chief executive officer and principal financial officer, or persons performing similar functions, certifying that the financial statements, and other financial information included in the prospectus, offering memorandum, or registration statement fairly present, to the best of their knowledge and belief, in all material respects, the financial condition and results of operations of the issuer.

(2) When used in connection with an issue of securities registered under Code Section 10-5-5(f), the term "executive officer," as defined in Code Section 10-5-2, is understood to include the issuer's pastor, associate pastor, designated executive officers, and persons serving on a policy-making committee charged with the responsibility of overseeing the issuance of the securities (e.g., trustees, elders, deacons, or finance committee members). The names, addresses, and occupations of all persons serving as executive officers shall be included in the registration statement filed under Code Section 10-5-5(f) and shall be included in the prospectus.

(3) The trust indenture required under Code Section 10-5-5(f)(2)(K) may initially be filed in proposed form. But the registration of the securities shall not be effective until evidence of recording is received by the Commissioner.

(4) If the aggregate long-term debt of the issuer exceeds \$100,000 and the aggregate debt to be outstanding will exceed 20% of the present fair market value of the property, then the new non-profit bond issue shall be mortgage bonds. Aggregate long-term debt means the long-term debt of the church plus debt collateralized by real property and improvements thereon plus the aggregate amount of the proposed new issue less the aggregate debt to be retired by the proposed new issue.

~~(5) In connection with a security registered or required to be registered under Code Section 10-5-5(f), no material provided to any investor may make reference to any appraisal or other opinion of the value of any property, the purchase, construction, or improvement of which is related to the offering, unless the appraisal or opinion is prepared by an appraiser licensed to do business as an appraiser in the state where the property is located, if applicable, with such professional certification or standards as the Commissioner may by rule prescribe, and unless such appraisal addresses in its value determination the value of the property both before and after any planned improvements, if applicable, and makes allowance in its value determination for a sale of the property through foreclosure or other distress circumstances rather than in an arm's length sale. If no such appraisal is referenced, the offering material shall clearly disclose on the inside front cover page of the prospectus in the case of a printed prospectus or on the second page of the prospectus in the case of a prospectus reproduced by any other means, in boldface print or capital type, the following legend:~~

~~NO APPRAISAL~~

~~NO APPRAISAL RELATING TO THE VALUE OF THE PROPERTY IS BEING OFFERED FOR CONSIDERATION BY THE INVESTOR, AND THE INVESTOR SHOULD MAKE HIS OR HER OWN INVESTIGATION AND ANALYSIS TO ASCERTAIN THE VALUE OF THE PROPERTY AND WHETHER THAT VALUE IS ADEQUATE PROTECTION FOR THIS INVESTMENT.~~

~~Authority O.C.G.A. Secs. 10-5-2, 10-5-10, 10-5-12.~~

590-4-3-.08 Additional Assessments.

The amount of the filing fee required for a registration of securities under Code Section 10-5-6 shall be computed as the total aggregate amount of any payments an investor makes, or shall make in the future, toward the purchase of a security in a single offering. All such payments, including any additional assessments to the investor, shall be considered cumulative and the total of all such payments shall be used to determine the maximum aggregate offering price.

Authority O.C.G.A. Secs. 10-5-6, 10-5-10.

~~590-4-3-.09 Registration of Insurance Companies as Issuers.~~

~~(1) An insurance company that files an application for registration as an issuer under Code Section 10-5-5 shall comply with the following:~~

~~(a) All provisions of the Georgia Insurance Code, Official Code of Georgia Annotated Title 33, and the Rules and Regulations promulgated thereunder, as administered by the Insurance Commissioner and the Insurance Department of the State of Georgia.~~

~~(b) The dollar amount of proceeds required to be held in escrow shall be the greater of the amount required by Code Section 10-5-6(e) or the amount required by the Georgia Insurance Code or the Rules and Regulations promulgated thereunder. This escrow of proceeds shall not be broken until the designated amount is attained and written notice is received by the Commissioner from the Insurance Department that the insurance company has been approved to receive a Certificate of Authority or that such approval is imminent.~~

~~(c) The fiscal year financial statements required by Code Sections 10-5-5(c)(1)(O) and 10-5-6(j) and Rule 590-4-3-.04 may be satisfied by submitting fiscal year financial statements prepared in accordance with "statutory basis" accounting practices prescribed or permitted by the Georgia Insurance Department; provided, however, that said financial statements shall be prepared by an independent public accountant and accompanied by an accountant's opinion letter and notes that address the differences between statutory basis accounting and generally accepted accounting principles.~~

~~(d) The interim and quarterly financial statements required by Code Sections 10-5-5(c)(1)(O) and 10-5-6(j) and Rule 590-4-3-.04 may be unaudited interim and quarterly statements that are prepared according to statutory basis accounting and compare the current fiscal quarter financial statement with the same quarter of the previous year.~~

~~(e) The applicant insurance company shall apply for and obtain from the Secretary of State a charter or articles of incorporation for an insurance company, as required by law, and shall submit a copy of said document to the Commissioner with the securities registration statement.~~

~~(2) Any registration statement submitted by an insurance company pursuant to Code Section 10-5-5 shall not become effective without the written acknowledgement and consent of the Insurance Commissioner or his or her authorized representatives.~~

~~(3) The provisions of this Rule shall not in any way relieve the insurance company from compliance with all sections of the Act or Rules or Regulations promulgated thereunder regarding issuers of securities.~~

~~Authority O.C.G.A. Secs. 10-5-5, 10-5-10.~~

~~590-4-3-10 Rescission of Designated Securities Transaction.~~

~~In a transaction subject to rescission under Code Section 10-5-12(m), the designated dealer shall send to the purchaser a written notice of the right to rescind. This notice shall contain a legend substantially similar to the following:~~

~~ANY PERSON WHO PURCHASES THESE DESIGNATED SECURITIES SHALL HAVE THE UNQUALIFIED AND UNWAIVABLE RIGHT TO RESCIND SUCH PURCHASE WITHIN THREE (3) BUSINESS DAYS OF RECEIPT OF THE CONFIRMATION OF THE TRANSACTION. RESCISSION MAY BE ACCOMPLISHED BY COMPLETING AND MAILING THE ENCLOSED FORM.~~

~~This notice shall also contain a description of how to exercise the right to rescind. The designated dealer shall also send to the purchaser a form that may be used to effect a rescission and sets forth the complete mailing address at which the designated dealer wishes to receive such form.~~

~~Authority O.C.G.A. Secs. 10-5-10, 10-5-12.~~

~~590-4-3-.11 Quotation System.~~

~~Pursuant to Code Section 10-5-12(p)(1), the designated securities quotation system approved by the Commissioner shall be the NASD-OTC Bulletin Board.~~

~~Authority O.C.G.A. Secs. 10-5-10, 10-5-12.~~

590-4-3-.12 Total Aggregate Offering Amount of Small Issue Registrations.

The aggregate amount of a total offering sold within or outside Georgia by or on behalf of an issuer pursuant to Code Section 10-5-5(e)(1)(A) shall not exceed \$1,000,000.00. This amount may be calculated by either of the following methods:

(a) The \$1,000,000.00 shall include the aggregate offering price for all securities sold by the issuer within 12 months before the start of, and during, the offering of securities including:

1. all securities sold under Code Section 10-5-5(e);
2. any securities sold in reliance upon Code Section 10-5-9(13); and
3. any securities sold in violation of Code Section 10-5-5; or

(b) The \$1,000,000.00 shall be calculated in compliance with the applicable provisions of Rule 504 of SEC Regulation D that concern limitations upon the aggregate offering amount.

Authority O.C.G.A. Secs. 10-5-5, 10-5-10.

~~590-4-3-13 Financial Statement Certifications.~~

~~In connection with a security registered or required to be registered under Code Sections 10-5-5(b), (d), or (e), the issuer shall file with the Commissioner, at the time of its application for registration, a written statement from the issuer's chief executive officer and principal financial officer, or persons performing substantially similar functions, certifying that the financial statements and other financial information included in the prospectus, offering memorandum, or registration statement fairly present, to the best of their knowledge and belief, in all material respects, the financial condition and results of operations of the issuer.~~

~~Authority O.C.G.A. Secs. 10-5-5, 10-5-10.~~

~~590-4-3-.14 Small Issuer Registration Forms.~~

~~For purposes of Code Section 10-5-5(e) only, the term “prospectus” shall also mean the most recent version of the Small Corporate Offering Registration Form (Form U-7), as adopted by NASAA, or such other form as the Commissioner may prescribe.~~

~~Authority O.C.G.A. Secs. 10-5-5, 10-5-10.~~

590-4-3-.15 Electronic Filings.

(1) For purposes of filings under Code Section 10-5-5, the Commissioner may establish policies and procedures to accept filings in an acceptable electronic format.

(2) ~~Electronic Signature.~~ When a signature is required for any electronic filing, the applicant, or a duly authorized officer of the applicant, shall affix his or her electronic signature to the filing by typing his or her name in the appropriate fields and submitting the filing to the Commissioner. Submission of a filing in this manner shall constitute irrefutable evidence of legal signature by those individuals whose names appear on the filing.

(3) ~~When Filed.~~ A filing made through the Commissioner's electronic filing system is considered filed with the Commissioner when all required fees and submissions are received and the filing is accepted by the Commissioner. Filings required to be made on a day that the Commissioner's office is closed shall be considered timely filed with the Commissioner if filed no later than the following business day.

(4) ~~Any required documents or fees that are not permitted or accepted by the electronic filing system shall be filed directly with the Commissioner.~~

(5) ~~Filing Fees.~~ No portion of the filing fee is refundable. Filings will not be accepted and thus will not be considered filed with the Commissioner until the filing fee is paid.

(6) Every document filed through the electronic filing system shall be deemed a "document filed with the Commissioner" for purposes of Code Section 10-5-12(c).

Authority O.C.G.A. Secs. 10-5-5, 10-5-10.